

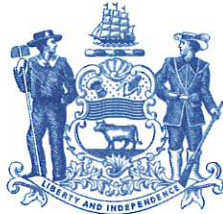
DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Commonwealth Land Title Insurance Company

NAIC #50083
601 Riverside Avenue
Jacksonville, FL 32204

As of
December 31, 2017

Trinidad Navarro
Commissioner



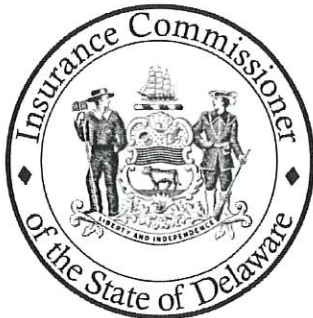
Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2017 on

Commonwealth Land Title Insurance Company

is a true and correct copy of the document filed with this Department.

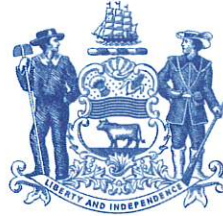
Attest By: _____



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 13th day of May, 2019.

Trinidad Navarro
Insurance Commissioner

Trinidad Navarro
Commissioner



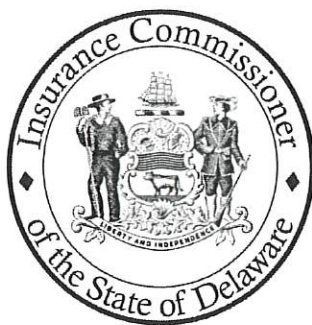
Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
Commonwealth Land Title Insurance Company
AS OF
December 31, 2017

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 13 day of May, 2019.



Trinidad Navarro
Insurance Commissioner

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Honorable Trinidad Navarro
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Navarro:

In compliance with the instructions contained in Exam Authority Number 50083-18-706, and pursuant to statutory provisions including 18 *Del. C.* §§ 318 - 322, a market conduct examination has been conducted of the affairs and practices of:

Commonwealth Land Title Insurance Company - NAIC #50083

The examination was performed as of December 31, 2017.

The examination consisted of an on-site phase which was conducted in Wilmington, Delaware, and an off-site phase which was performed at the offices of the Delaware Department of Insurance, hereinafter referred to as the "Department" or "DDOI," or other suitable locations.

The report of examination herein is respectfully submitted.

**Delaware Market Conduct Examination Report
Commonwealth Land Title Insurance Company**

EXECUTIVE SUMMARY

The examination of Commonwealth Land Title Insurance Company, hereinafter referred to as CLTIC or the Company, was announced as part of a series of examinations on companies in the title insurance marketplace in Delaware. The examination focused on the Company's title insurance business in the following areas of operation: Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Services, Underwriting and Rating, and Claims.

The single exception noted was in the area of Underwriting and Rating.

The following exception was noted.

- 1 Exception: Rates and Rating Organizations
18 *Del. C.* § 2517 – Adherence to Filings
No insurer shall make or issue a contract or policy except in accordance with the filings which are in effect for the insurer as provided in this chapter or in accordance with § 2505 (exemption from filing) or § 2509 (excess rates) of this title. This section shall not apply to contracts or policies for inland marine risks as to which filings are not required.

The Company issued a contract or policy for which the premium charged was not in accordance with filed rates.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 *Del. C.* §§ 318 - 322 and covered the experience period of January 1, 2016 through December 31, 2017. The purpose of the examination was to determine compliance by the Company with applicable Delaware laws and regulations.

The examination was a targeted market conduct examination of the Company's title insurance business in the following areas of operation: Company Operations and Management; Complaint Handling; Marketing and Sales; Producer Licensing Policyholder Services; and Underwriting and Rating.

METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners report on the errors found in individual files, the examiners also focus on general business practices of the Company.

**Delaware Market Conduct Examination Report
Commonwealth Land Title Insurance Company**

The Company identified the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referenced in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance. Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

Commonwealth Land Title Insurance Company) was founded as a Pennsylvania domestic title insurance company in 1876 and re-domesticated to Nebraska on May 30, 2006. Pursuant to the Stock Purchase Agreement among Fidelity National Title Insurance Company (FNTIC), Chicago Title Insurance Company (CTIC) and LandAmerica Financial Group, Inc. (LFG) dated November 25, 2008, and as subsequently amended, CTIC acquired all of the issued and outstanding shares of CLTIC from LFG. The acquisition closed on December 22, 2008. CLTIC is a wholly owned subsidiary of CTIC which is ultimately owned and controlled by FNF. CLTIC re-domesticated from Nebraska to Florida effective March 1, 2017.

According to the 2016 and 2017 Annual Statements, CLTIC reported direct premiums written in the amounts of \$646,931,206 and \$703,625,228, respectively, for the United States, the US territories, Panama, and Canada. As of the 2016 and 2017 Annual Statements, CLTIC reported direct premiums written in the amounts of \$3,106,370 and \$3,189,656, respectively, for the state of Delaware.

COMPANY OPERATIONS AND MANAGEMENT

The Company provided documentation regarding its management and operational procedures for lines of business conducted in the state of Delaware, which included the following categories:

- Corporate Minutes
- Title Plant, TPA, and Third-Party Vendors
- Audited Financial Statements
- Disaster Recovery Plan
- Consumer Privacy
- Company History

The documents were reviewed to determine compliance with applicable Delaware laws and regulations.

No exceptions were noted.

COMPLAINT HANDLING

No complaints were identified by the Company. No complaints were lodged with the Delaware Department of Insurance.

No exceptions were noted.

MARKETING AND SALES

Due to the nature of title insurance business in Delaware, and the fact that Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, and Fidelity National Title Insurance Company (collectively known as “FNTG” companies) maintain only one office location in the State, the Companies’ marketing and sales practices are limited. Representatives in the Companies’ Delaware Agency Sales team offer marketing flyers to independent third-party agents, many of which are co-branded with the agent’s logo.

Additionally, Agency Sales personnel periodically send emails to the Delaware agents using Constant Contact email marketing program. Emails consist of legal bulletins, announcements, memos, and invitations to events, etc.

FNTG Delaware Agency maintains a few social media accounts on the following platforms – Facebook, Twitter, and LinkedIn. These are primarily used to post industry-related articles and local industry updates that agents share on their own social media pages.

**Delaware Market Conduct Examination Report
Commonwealth Land Title Insurance Company**

FNTG Delaware Agency staff holds monthly webinars on different underwriting or industry-related topics, which are offered to all agents. The Company also hosts live seminars once or twice per year. Since most of the agents in Delaware are Delaware licensed attorneys, the live seminars often provide Continuing Legal Education credits for the attorneys.

The advertising materials provided by the Company were reviewed to ascertain compliance with 18 *Del. C.* § 2303 - Unfair Methods of Competition and Unfair or Deceptive Acts or Practices and 18 *Del. C.* § 2304 - Unfair methods of competition and unfair or deceptive acts or practices defined.

No exceptions were noted.

PRODUCER LICENSING

For examination purposes, producer licensing was reviewed in conjunction with Underwriting and Rating.

No exceptions were noted.

POLICYHOLDER SERVICES

As a Delaware title insurer in an attorney state, the Company does not generally deal directly with the consumer. If, in the rare case, a consumer calls to inquire about services or rates, the local office or operation directs them according to their inquiry.

No exceptions were noted.

UNDERWRITING AND RATING

The Company identified a universe of 6,878 policies issued as new during the experience period. A random sample of 108 files was requested, received, and reviewed. The files were reviewed to determine compliance with applicable Delaware laws and regulations.

The following exception was noted:

1 Exception - 18 *Del. C.* § 2517 - Adherence to filings.

The Company issued a contract or policy for which the premium charged was not in accordance with filed rates. To the Company's detriment, this commercial transaction resulted in an undercharge.

**Delaware Market Conduct Examination Report
Commonwealth Land Title Insurance Company**

Recommendation: It is recommended the Company revise its procedures to ensure the premium charged is in accordance with filed rates in compliance with 18 *Del. C.* § 2517.

CLAIMS

The Company identified a universe of 22 Open/Denied Claims, 0 Paid Claims, and 16 Closed Without Pay Claims. The Closed without Pay Claims universe was reflected within the Open/Denied Claims universe due to category overlap. Due to the small universe, all of the files were requested. The documentation provided by the Company was reviewed to determine compliance with applicable Delaware laws and regulations.

No exceptions were noted.

CONCLUSION

The recommendation made below identifies corrective measures the Department finds necessary as a result of the exception noted in the Report. Location in the Report is referenced in parenthesis.

1. It is recommended the Company revise its procedures to ensure the premium charged is in accordance with filed rates in compliance with 18 *Del. C.* § 2517. (Underwriting and Rating)

The examination was conducted by Joseph Krug, Steve Misenheimer, and Linda Armstrong. This report is respectfully submitted.



Linda Armstrong, JD, MCM
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance